

Council/Agency Meeting Held: _____		City Clerk's Signature _____
Deferred/Continued to: _____		
<input type="checkbox"/> Approved <input type="checkbox"/> Conditionally Approved <input type="checkbox"/> Denied		
Council Meeting Date: 3/21/05	Department ID Number: PW 05-017	

CITY OF HUNTINGTON BEACH REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

SUBMITTED BY: *Penelope Culbreth Graft*
PENELOPE CULBRETH-GRAFT, CITY ADMINISTRATOR

PREPARED BY: *Paul Emery*
PAUL EMERY, ACTING DIRECTOR OF PUBLIC WORKS

SUBJECT: *Accept Transfer of Ownership of Signal Maintenance, Inc.*

Statement of Issue, Funding Source, Recommended Action, Alternative Action(s), Analysis, Environmental Status, Attachment(s)

Statement of Issue: Signal Maintenance, Inc. (SMI) is obligated to provide a one-year maintenance bond for the recently completed Slater/Geraldine traffic signal. Republic Electric, who recently acquired SMI, desires to assume responsibility for the project. City Council acceptance of the ownership transfer is required.

Funding Source: Not applicable.

Recommended Action: Motion to:

Approve the transfer of ownership from Signal Maintenance, Inc. to Republic Electric, which would allow the City to accept the warranty bond and release retention to Republic Electric.

Alternative Action(s): Do not approve the transfer of ownership from Signal Maintenance to Republic Electric. Retention amount would not be able to be released and the required maintenance bond could not be posted. The City would assume responsibility for any potential construction related issues.

(Continued on next page)

E-7

REQUEST FOR ACTION

MEETING DATE: 3/21/05

DEPARTMENT ID NUMBER: PW 05-017

Analysis: Signal Maintenance, Inc. recently completed the Slater/Geraldine traffic signal installation. Prior to closing the contract, the City received a letter from Republic Electric stating that it has purchased Signal Maintenance, Inc. and wants to assume its responsibilities under the agreement with the City. The standard City construction agreement with Signal Maintenance provides that its obligations to the City shall not be assumed by another without the approval of the City. That agreement requires that the City must approve any transfer of interest or assignment so as to protect the City to avoid being forced into an agreement with a potentially unqualified, insolvent contractor.

Republic Electric (Republic) has provided a letter requesting transfer of SMI's contractual obligations to the new owner. Republic will provide the required maintenance bond, and will be eligible to receive the ten-percent retention funds of approximately \$3,300. This is the only City project affected by the ownership transfer.

Public Works Commission Action: Not required.

Environmental Status: Not required.

Attachment(s):

City Clerk's Page Number	No.	Description
3	1.	Republic Electric letter dated October 15, 2004
5	2.	Opinion from City Attorney regarding the transfer of ownership

E-7.2

ATTACHMENT #1

E-7.3

Republic Electric

CA Lic: 647154

October 15, 2004

Joseph Dale
Department of Public Works
City of Huntington Beach
2000 Main Street
Huntington Beach, CA 92648

Mr. Joseph Dale:

Thank you for your time on the phone today. As you already know, Republic Electric has purchased Signal Maintenance, Inc. (SMI). This purchase is effective October 1, 2004. At that time, SMI ceased operations, and Republic Electric began service in place of SMI.

To accommodate this business transaction, Republic Electric respectfully requests your consideration and approval in assigning the City of Huntington Beach's Crosswalk Construction Project from SMI to Republic Electric. Republic Electric agrees to abide by all of the terms and conditions set forth for the project including all insurance and warranty requirements.

Republic Electric's corporate contact information is below. This is the address where all legal and accounting correspondence should be directed, including payments:

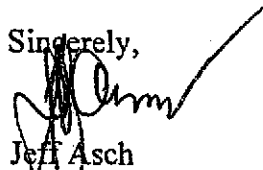
Republic Electric Corporate HQ
7120 Redwood Blvd.
Novato, CA 94945
Phone: 415-898-8897 or 800-LIGHTS ON
FAX: 415-898-9477

Republic Electric has a regional office conveniently located in Anaheim, California servicing the southern California area. The contact information is below. This is the address where project related correspondence should be directed.

Republic Electric Southern CA
715 E. Debra Lane
Anaheim, CA 92805
Phone: 714-535-0550 or 800-229-6090
FAX: 714-535-0110

If you have any questions, or if I can be of any further assistance in this matter, please do not hesitate to contact me directly. Republic Electric, with your approval, looks forward to having the opportunity to serve your City.

Sincerely,

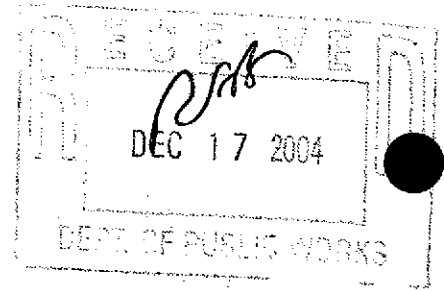

Jeff Asch
Vice President & CFO

ATTACHMENT #2

E-7.5



CITY OF HUNTINGTON BEACH
Inter-Department Communication



TO: ROBERT BEARDSLEY, Director of Public Works
FROM: JENNIFER MCGRATH, City Attorney
DATE: December 14, 2004
SUBJECT: RLS 2004-423 Signal Maintenance/Republic Electric
INDEX:

BACKGROUND:

The Slater Avenue/Geraldine Street Pedestrian Signal project was completed by Signal Maintenance, Inc. Signal Maintenance entered into an agreement with City for this work. The ten percent retention has not been released as the City still awaits receipt of the one year maintenance bond and certificate of compliance from the contractor.

The City has received a letter from Republic Electric stating that it has purchased Signal Maintenance and wants to assume its responsibilities under the agreement with the City. That agreement provides that any transfer of interest or assignment must be approved by the City.

QUESTION:

Should the City accept the bond and release the retention to the successor-in-interest to Signal Maintenance?

ANSWER:


Before accepting the bond and releasing the retention, the City should approve the transfer of ownership.

ANALYSIS:

The agreement with Signal Maintenance provides that its obligations to the City shall not be assumed by another without the agreement of the City. This permits the City to avoid being forced into an agreement with a potentially unqualified, insolvent contractor.

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While it is true that the business has already been sold, prior to releasing the retention and accepting the bond, the City should approve the transfer, provided that such approval would have been given prior to the sale. If the City Council authorized execution of the agreement, approval of the transfer must be placed on the City Council agenda for approval.


JENNIFER MCGRATH,
City Attorney

/k

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